1998. Once the Disclosure Statement is approved, MobileMedia will be able to commence solicitation of acceptances of the plan from its creditors -- a process that is expected to take 60 - 75 days. Accordingly, by as soon as early to mid-December, the Amended Plan will be ripe for consideration by the Bankruptcy Court, and it is MobileMedia's intent to vigorously seek immediate confirmation of the Amended Plan by the Bankruptcy Court, thereby clearing the way (at least as far as the bankruptcy process is concerned) for consummation by the end of this calendar year.

In addition to the completion of the bankruptcy process, other business reasons argue for early Commission consideration of the proposed merger. For nearly two years, MobileMedia, its creditors, and its employees have existed under a public cloud. During this period, the Company has undergone an investigation by the Commission that resulted in a hearing designation order, sought bankruptcy protection from its creditors, seen an erosion of its core paging business, and seen its publicly traded stock delisted by the Nasdaq National Market.

Throughout this period, the Company has worked hard to develop a plan of reorganization that would protect its creditors and allow the Company to emerge as a vital competitor in the messaging business. That Plan -- which, as demonstrated above, is fully consistent with Commission precedent -- is now at hand.

For these reasons, MobileMedia and Arch request the Commission's early action on the transfer applications to permit consummation at the earliest possible date.

VI. RELIEF REQUESTED

For the foregoing reasons, MobileMedia and Arch respectfully request:

(1) termination of the pending hearing on MobileMedia's qualifications (WT Docket No. 97-115) without any further findings adverse to

MobileMedia, adverse to MobileMedia's FCC authorizations or otherwise restricting MobileMedia's or Arch's use of the authorizations;

(2) consent to all transfers and assignments necessary to complete the merger as described herein, including: transfer of control of MobileMedia and its FCC authorizations to Arch; transfer of control of Arch and its FCC authorizations from its current stockholders to the stockholders of the Combined Company; and *pro forma* assignment of MobileMedia's FCC authorizations to MobileMedia License Co. LLC;

(3) temporary waiver of Section 24.101, the NPCS spectrum aggregation limit, until 90 days after the conclusion of the rulemaking addressing the possible relaxation or elimination of that limit (GEN Dkt. No. 90-314);

(4) grant of standard license authority to Arch to operate those stations listed on Attachment C of *Public Notice: Wireless Narrowband Branch Information*, DA 97-78 (rel. Jan. 13, 1997) which MobileMedia is currently operating under a grant of interim operating authority;

(5) authority for Arch to acquire control of:

(a) any authorizations issued to MobileMedia, Arch or their subsidiaries during the Commission's consideration of the pro forma assignment and transfer applications and the period required for consummation of the transaction following approval;

(b) construction permits held by any licensee involved in these assignments or transfers that mature into licenses after closing and that may have been omitted from the applications; and

(c) applications that will have been filed by MobileMedia, Arch or their subsidiaries that are pending at the time of consummation of the proposed transaction;

(6) blanket exception from any applicable cut-off rules in cases where MobileMedia, Arch or their subsidiaries file amendments to pending Part 22, Part 24, Part 25, Part 90, or Part 101 or other applications to reflect the consummation of the proposed transaction; and

(7) waiver of the filing fees due in connection with the applications for consent to transfer control of the radio station licenses held by MobileMedia and its subsidiaries.

MobileMedia and Arch urge the Commission to act expeditiously on the instant applications. Prompt action will facilitate resolution of the uncertainties associated with MobileMedia's bankruptcy and character qualifications proceedings as well as enable the Combined Company

to direct its full attention toward the provision of quality, competitive messaging services to the public.

Respectfully submitted,

ARCH COMMUNICATIONS GROUP, INC.

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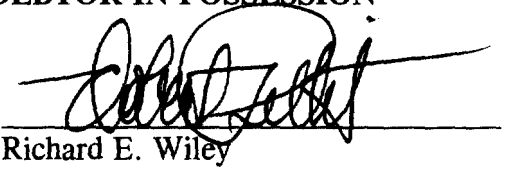
By: 

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September 2, 1998

644126

CERTIFICATE OF SERVICE

I hereby certify that on this 2nd day of September, 1998, I caused copies of the foregoing "Application for Transfer of Control and Petition to Terminate and for Special Relief" to be delivered via first-class mail to the following:

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* Delivery by Hand
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\+ Volume I Only (in the case of parties to the proceeding, service of only Volume I is by prior agreement; Triad Cellular Corporation, Falcon Holding Group, L.P., and Santo J. Pittsman, through their counsel, have waived service of this filing).

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A

AGREEMENT AND PLAN OF MERGER

by and among

Arch Communications Group, Inc.,

Farm Team Corp.,

MobileMedia Corporation

and

MobileMedia Communications, Inc.

Dated as of August 18, 1998

TABLE OF CONTENTS

Page

ARTICLE I

THE MERGER

1.1 The Merger; Effective Time . . . 2
1.2 The Closing . . . 3
1.3 Actions at the Closing . . . 3
1.4 Additional Action . . . 4
1.5 Conversion of Securities. . . . 4
1.6 Appointment of Exchange Agent; Distributions in Accordance with Amended Plan . . . 4
1.7 Distribution to Holders of Buyer Common Stock . . . 4
1.8 Certificate of Incorporation . . . 5
1.9 By-laws . . . 5
1.10 Directors and Officers . . . 5
1.11 Payment of Administrative Claims and Expenses . . . 5

ARTICLE II

REPRESENTATIONS AND WARRANTIES OF THE PARENT AND THE COMPANY

2.1 Organization, Qualification, Corporate Power and Authority. . . . 6
2.2 Capitalization . . . 7
2.3 Noncontravention . . . 7
2.4 Business Entities . . . 8
2.5 Financial Statements; Accounts Receivable; Inventory . . . 9
2.6 Absence of Certain Changes . . . 10
2.7 Undisclosed Liabilities . . . 10
2.8 Tax Matters . . . 10
2.9 Tangible Assets . . . 12
2.10 Owned Real Property . . . 12
2.11 Intellectual Property . . . 13
2.12 Real Property Leases . . . 14
2.13 Contracts . . . 15
2.14 Licenses and Authorizations . . . 16
2.15 Litigation . . . 17
2.16 Employees . . . 18
2.17 Employee Benefits . . . 18

Page

2.18 Environmental Matters . . . 20
2.19 Legal Compliance . . . 22
2.20 Subscriber Cancellations; Suppliers . . . 22
2.21 Capital Expenditures . . . 22
2.22 Brokers' Fees . . . 22
2.23 Certain Information . . . 22
2.24 Disclosure . . . 23

ARTICLE III

REPRESENTATIONS AND WARRANTIES OF THE BUYER

3.1 Organization Qualification, Corporate Power and Authority . . . 23
3.2 Capitalization . . . 24
3.3 Noncontravention . . . 25
3.4 Business Entities . . . 26
3.5 Reports and Financial Statements . . . 27
3.6 Absence of Certain Changes . . . 28
3.7 Undisclosed Liabilities . . . 28
3.8 Tax Matters . . . 28
3.9 Tangible Assets . . . 30
3.10 Owned Real Property . . . 30
3.11 Intellectual Property . . . 30
3.12 Real Property Leases . . . 31
3.13 Contracts . . . 32
3.14 Licenses and Authorizations . . . 32
3.15 Litigation . . . 34
3.16 Employees . . . 34
3.17 Employee Benefits . . . 34
3.18 Environmental Matters . . . 36
3.19 Legal Compliance . . . 37
3.20 Merger Subsidiary . . . 37
3.21 Capital Expenditures; Suppliers . . . 38
3.22 Brokers' Fees . . . 38
3.23 Rights Agreement; Section 203 . . . 38
3.24 Opinion of Financial Advisor . . . 38
3.25 Required Vote of the Buyer's Stockholders . . . 38
3.26 Certain Information . . . 38
3.27 Disclosure . . . 39

Page

ARTICLE IV

COVENANTS

4.1	Best Efforts	39
4.2	Approvals; Consents	39
4.3	Buyer Not To Control	40
4.4	Bankruptcy Covenants	41
4.5	Operation of Business	42
4.6	Notice of Breaches	46
4.7	Exclusivity	46
4.8	Breakup Fee Provisions	48
4.9	Nasdaq National Market Quotation	49
4.10	Delivery of Financial Statements	50
4.11	Full Access	50
4.12	Stockholders Approval; Meeting	50
4.13	Proxy Statement, Disclosure Statement, Etc	51
4.14	Application of Pinnacle Proceeds	51
4.15	FCC Filing	52
4.16	Indemnification; Director and Officers Insurance	53
4.17	State Takeover Laws	53
4.18	Employees	53
4.19	Rights Agreement	54
4.20	Buyer Rights Offering; Registration Statement	55
4.21	Reimbursement of Buyer's Expenses	56

ARTICLE V

CONDITIONS TO CLOSING

5.1	Conditions to Obligations of Each Party	56
5.2	Conditions to Obligations of the Buyer	59
5.3	Conditions to Obligations of the Company	60

ARTICLE VI

TERMINATION

6.1	Termination of Agreement	61
6.2	Effect of Termination	63

Page

ARTICLE VII

DEFINITIONS

ARTICLE VIII

GENERAL PROVISIONS

8.1 Press Releases and Announcements . . . 68
8.2 No Third Party Beneficiaries . . . 68
8.3 Entire Agreement . . . 68
8.4 Succession and Assignment . . . 68
8.5 Counterparts . . . 68
8.6 Headings . . . 69
8.7 Notices . . . 70
8.8 Governing Law . . . 70
8.9 Amendments and Waivers . . . 70
8.10 Severability . . . 70
8.11 Expenses . . . 70
8.12 Specific Performance . . . 70
8.13 Construction . . . 70
8.14 Incorporation of Exhibits and Schedules . . . 70
8.15 Knowledge . . . 71
8.16 Survival of Representations . . . 71
8.17 Bankruptcy Process . . . 71

LIST OF EXHIBITS

EXHIBIT A	First Amended Joint Plan of Reorganization
EXHIBIT B	Buyer Warrant Agreement
EXHIBIT C	Registration Rights Agreement
EXHIBIT D	Amendment to Buyer's Rights Agreement
EXHIBIT E	Opinion of Buyer's Financial Advisor
EXHIBIT F	Buyer Charter Amendment
EXHIBITS G, H, I J, K & L	Standby Purchase Commitments

LIST OF SCHEDULES

SCHEDULE	Subsidiaries of the Company
SCHEDULE II	Pricing Mechanism
SCHEDULE III	Terms of Rights

AGREEMENT AND PLAN OF MERGER

This Agreement and Plan of Merger (this "Agreement") entered into as of August 18, 1998 (the date of this Agreement or the "Agreement Date") by and among Arch Communications Group, Inc., a Delaware corporation (the "Buyer"), Farm Team Corp., a Delaware corporation and a wholly-owned subsidiary of Buyer (the "Merger Subsidiary"), MobileMedia Corporation, a Delaware corporation (the "Parent"), and MobileMedia Communications, Inc., a Delaware corporation and a wholly-owned subsidiary of the Parent (the "Company" and, together with the Buyer, the Merger Subsidiary and the Parent, the "Parties").

Preliminary Statement

A. The Parent, the Company and those subsidiaries of the Company set forth in Schedule I attached hereto (collectively, the "Debtors" and each, individually, a "Debtor") are debtors in possession in Chapter 11 cases (Case Nos. 97-174 (PJW) through and including 97-192 (PJW)) (collectively the "Chapter 11 Proceeding") pending before the United States Bankruptcy Court for the District of Delaware (the "Bankruptcy Court"). The Debtors have previously filed a proposed Joint Plan of Reorganization dated January 27, 1998 (the "Prior Plan") with the Bankruptcy Court.

B. This Agreement contemplates a merger of the Company into the Merger Subsidiary. As a result of such merger, the separate corporate existence of the Company shall cease and the Merger Subsidiary shall continue as the Surviving Corporation (as defined in Section 1.1). For federal income tax purposes, it is intended that such merger will qualify as a reorganization under the provisions of Section 368(a)(2)(D) of the Internal Revenue Code of 1986, as amended (the "Code").

C. The merger contemplated by this Agreement shall constitute the basis for the Debtor's First Amended Joint Plan of Reorganization in the form attached hereto as Exhibit A, as amended from time to time as permitted hereby and thereby (the "Amended Plan"). Pursuant to the Amended Plan, which shall be filed with the Bankruptcy Court as soon as practicable after the date of this Agreement (but not later than August 20, 1998 in any event): (i) all the outstanding equity interests in the Company and the Parent shall be canceled without consideration, and the Parent shall be dissolved; (ii) all allowed prepetition claims against, and prepetition obligations and indebtedness of, the Debtors (the "Allowed Claims") shall be (a) satisfied by the distribution of cash, shares of capital stock of the Buyer, Rights (as defined in paragraph (E) below) and/or certain other consideration to the holders of the Allowed Claims or (b) otherwise discharged; (iii) the commitments under the DIP Loan Agreement (as defined in Section 1.11) shall be terminated and all amounts owed under or in respect of the DIP Loan Agreement shall be paid in full in cash; and (iv) the Merger Subsidiary shall remain a wholly owned subsidiary of the Buyer.

D. This Agreement contemplates that the Buyer shall cause the Surviving Corporation (as defined in Section 1.1) to pay or assume all allowed administrative and priority claims and expenses of the Debtors and shall make available to the Surviving Corporation the monies necessary for the timely payment thereof.

E. In connection with the Merger (as defined in Section 1.1) and as part of the Amended Plan, the Buyer intends to conduct the Rights Offering (as defined in Section 4.20), in which it will issue to holders of certain Allowed Claims transferable Rights to purchase (i) shares of Common Stock, $0.01 par value per share, of the Buyer ("Buyer Common Stock") or shares of Buyer Class B Common Stock, if applicable, and (ii) warrants to purchase shares of Buyer Common Stock ("Buyer Warrants"), such Buyer Warrants to be issued pursuant to a warrant agreement in the form attached hereto as Exhibit B (the "Buyer Warrant Agreement"). Contemporaneously with the execution and delivery of this Agreement, certain holders of Allowed Claims (the "Standby Purchasers") are making certain commitments in connection with the Rights Offering (the "Standby Purchase Commitments"), copies of which are attached as Exhibits G, H, I, J, K & L hereto. In partial consideration for the Standby Purchase Commitments, the Buyer will issue to the Standby Purchasers certain Buyer Warrants, and in connection with the Standby Purchase Commitments the Buyer and the Standby Purchasers will enter into a registration rights agreement in the form attached hereto as Exhibit C (the "Registration Rights Agreement").

F. Immediately following the Merger, the Buyer will issue additional Buyer Warrants to the stockholders of the Buyer that were holders of record immediately prior to such Merger.

G. The transactions contemplated by this Agreement, including the Merger, shall be consummated pursuant to the Amended Plan as confirmed by an order of the Bankruptcy Court entered pursuant to Section 1129 of the Bankruptcy Code (as defined in Section 2.1(a)) (the "Confirmation Order"). Unless otherwise defined herein, capitalized terms used herein shall have the meanings ascribed to them in the Amended Plan.

NOW, THEREFORE, in consideration of the representations, warranties and covenants contained herein and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Parties further agree as follows:

ARTICLE I

THE MERGER

1.1 The Merger; Effective Time. Upon the terms and subject to the conditions of this Agreement and in accordance with the Delaware General Corporation Law (the "DGCL"), the Company shall merge with and into the Merger Subsidiary (such merger being referred to herein as the "Merger") at the Effective Time (as defined below in this Section 1.1). The Merger shall have the effects set forth in Section 259 of the DGCL. At the Effective Time, the separate corporate existence of the Company shall cease and thereafter the Merger Subsidiary shall continue as the surviving corporation in the Merger (the "Surviving Corporation"), and all the rights, privileges, immunities, powers and franchises (of a public as well as of a private nature) of the Company and the

Merger Subsidiary and all property (real, personal and mixed) of the Company and the Merger Subsidiary shall vest in the Surviving Corporation. The "Effective Time" shall be the time at which the Company and the Merger Subsidiary file a certificate of merger or other appropriate documents prepared and executed in accordance with the relevant provisions of the DGCL (the "Certificate of Merger") with the Secretary of State of the State of Delaware or such later time as may be specified in the Certificate of Merger.

1.2 The Closing. Unless this Agreement shall have been terminated pursuant to Article VI hereof, the closing of the transactions contemplated by this Agreement (the "Closing") shall take place at the offices of Hale and Dorr LLP, 60 State Street, Boston, Massachusetts 02109, commencing at 10:00 a.m., local time, on a date to be mutually agreed by the Company and the Buyer, which date shall be at least seven, but no more than ten, business days after the date upon which all the conditions to the obligations of the Parties to consummate the transactions contemplated hereby set forth in Section 5.1 (other than Section 5.1(j)) have first been satisfied or waived, which date shall be the same date as the Effective Date under the Amended Plan (the "Closing Date"); provided that the Closing shall not occur until the condition set forth in Section 5.1(j) shall have been satisfied and the conditions set forth in Sections 5.2 and 5.3 shall have been satisfied or waived.

1.3 Actions at the Closing. At the Closing, (a) the Parent and the Company shall deliver to the Buyer and the Merger Subsidiary the various certificates, instruments and documents referred to in Section 5.2, (b) the Buyer and the Merger Subsidiary shall deliver to the Company the various certificates, instruments and documents referred to in Section 5.3, (c) the Buyer shall file with the Secretary of State of the State of Delaware the Buyer Charter Amendment (as defined in Section 4.12), (d) the Company and the Merger Subsidiary shall immediately thereafter file with the Secretary of State of the State of Delaware the Certificate of Merger, (e) the Buyer shall deliver (x) to the Pre-Petition Agent, for the benefit of the Pre-Petition Lenders, immediately available funds equal to the excess of (i) $649,000,000 over (ii) the Company Tower Sale Proceeds (as defined in Section 5.2(f)), (y) to the Company immediately available funds when and as required in amounts sufficient to pay allowed administrative and priority claims and expenses of the Debtors, whether allowed prior to or after the Effective Time, as set forth in the Amended Plan (collectively, the "Plan Cash") and (z) to a bank trust company or other entity reasonably satisfactory to the Company and the Buyer appointed by the Buyer to act as the exchange agent (the "Exchange Agent") pursuant to Section 1.6(a) certificates representing an aggregate number of shares of Buyer Common Stock determined in accordance with the pricing mechanism set forth in Schedule II attached hereto (the "Plan Shares") to be distributed as contemplated by Section 1.6(b), and the Buyer shall issue the Buyer Common Stock (and Buyer Class B Common Stock, if applicable) and Buyer Warrants (x) purchased through the exercise of Rights or (y) purchased by or otherwise issued to the Standby Purchasers in connection with the Standby Purchase Commitments.

1.4 Additional Action. The Surviving Corporation may, at any time after the Effective Time, take any action, including executing and delivering any document, in the name and on behalf of either the Company or the Merger Subsidiary, in order to consummate the transactions contemplated by this Agreement.

1.5 Conversion of Securities. At the Effective Time, by virtue of the Merger and the Amended Plan and without any further action on the part of any person or entity:

(a) Each share of common stock, $0.01 par value per share, of the Merger Subsidiary issued and outstanding immediately prior to the Effective Time shall remain issued and outstanding and shall evidence one share of common stock, $0.01 par value per share, of the Surviving Corporation.

(b) Each share of capital stock of the Parent (collectively, the "Company Stock") that is either outstanding or held in the treasury of the Parent immediately prior to the Effective Time, each share of capital stock of the Company, each share of capital stock of each of the other Debtors held by any person or entity other than the Debtors, and each option, warrant or other right issued by any of the Debtors to acquire any such capital stock and outstanding immediately prior to the Effective Time shall be canceled without payment of any consideration therefor and shall cease to exist. Pursuant to Section 303 of the DGCL and the Amended Plan, holders of the Company Stock shall have no statutory right of appraisal in connection with the Merger, and such holders shall have no right to approve or disapprove the Merger or this Agreement.

1.6 Appointment of Exchange Agent; Distributions in Accordance with Amended Plan.

(a) Prior to the Effective Time, the Buyer shall appoint the Exchange Agent to effect, pursuant to and in accordance with the Amended Plan, the distribution of Plan Shares in exchange for, and in satisfaction of, certain Allowed Class 6 Claims.

(b) The Buyer and the Surviving Corporation shall cause the Exchange Agent, promptly after the Effective Time, to commence the distribution of Plan Shares (which Plan Shares are defined in the Amended Plan as the "Creditor Stock Pool") to holders of Allowed Class 6 Claims in exchange for, and in satisfaction of, such Allowed Class 6 Claims, all as provided in the Amended Plan.

1.7 Distribution to Holders of Buyer Common Stock.

(a) The Buyer shall, as soon as practicable after the receipt of the Confirmation Order, declare, subject to and effective immediately after the occurrence of the Effective Time, a distribution of a number of Buyer Warrants determined in accordance with the Amended Plan on each share of Buyer Common Stock and the Buyer's Series C Convertible Preferred Stock, $.01 par value

per share (the "Buyer Preferred Stock" and, together with the Buyer Common Stock, the "Buyer Stock"), outstanding immediately prior to the Effective Time (the "Buyer Distribution"). The Buyer Distribution shall be made as promptly as practicable following the Effective Time.

(b) Notwithstanding the foregoing, no fractional Buyer Warrants shall be issued in the Buyer Distribution. In lieu thereof, fractional Buyer Warrants that would otherwise be issued in the Buyer Distribution will be rounded up to the nearest whole number of Buyer Warrants.

1.8 Certificate of Incorporation. From and after the Effective Time, the Certificate of Incorporation of the Merger Subsidiary, as in effect immediately prior to the Effective Time (except that the name of the corporation set forth therein shall be changed to the name of the Company) and as amended by the Certificate of Merger, shall be the Certificate of Incorporation of the Surviving Corporation, until thereafter further amended as provided by law and such Certificate of Incorporation.

1.9 By-laws. From and after the Effective Time, the By-laws of the Merger Subsidiary, as in effect immediately prior to the Effective Time (except that the name of the corporation set forth therein shall be changed to the name of the Company), shall be the By-Laws of the Surviving Corporation, until thereafter further amended as provided by law, the Certificate of Incorporation of the Surviving Corporation and such By-laws.

1.10 Directors and Officers. From and after the Effective Time, the directors and officers of the Merger Subsidiary immediately prior to the Effective Time shall be and continue as directors and officers, respectively, of the Surviving Corporation as of the Effective Time, until thereafter changed in accordance with the Certificate of Incorporation and the By-Laws of the Surviving Corporation.

1.11 Payment of Administrative Claims and Expenses. At the Effective Time, the Buyer shall cause the Surviving Corporation to pay or assume the allowed administrative and priority claims and expenses of the Debtors, whether allowed prior to or after the Effective Time (including, without limitation, (a) the payment of obligations under the existing debtor-in-possession financing facility (the "DIP Loan Agreement") and (b) the assumption of post-petition trade payables arising in the Ordinary Course of Business (as defined in Section 2.3)), as specified in the Amended Plan. The Buyer shall make available to the Surviving Corporation any monies necessary for the Surviving Corporation to make timely payment of such claims and expenses.

ARTICLE II

REPRESENTATIONS AND WARRANTIES OF THE PARENT AND THE COMPANY

Each of the Parent and the Company represents and warrants to the Buyer that the statements contained in this Article II are true and complete, except as set forth in the disclosure schedule of the Company delivered to the Buyer simultaneously with the execution and delivery hereof (the "Company Disclosure Schedule"). The Company Disclosure Schedule shall be arranged in sections and paragraphs corresponding to the numbered and lettered sections and paragraphs contained in this Article II, and the disclosures in any section or paragraph of the Company Disclosure Schedule shall qualify other sections or paragraphs in this Article II only to the extent that it is reasonably clear from a reading of the disclosure that such disclosure is applicable to such other sections or paragraphs. For purposes of this Agreement, a "Debtor Material Adverse Effect" shall mean a material adverse effect on the businesses, assets (including licenses, franchises and other intangible assets), financial condition, operating income and prospects of the Debtors, taken as a whole, excluding any effect generally applicable to the economy or the industry in which the Company conducts its business.

2.1 Organization, Qualification, Corporate Power and Authority.

(a) Each of the Debtors is a corporation duly organized, validly existing and in good standing under the laws of its jurisdiction of incorporation. Each of the Debtors is duly qualified to conduct business and is in good standing under the laws of each jurisdiction (each such jurisdiction being set forth in Section 2.1(a) of the Company Disclosure Schedule) in which the nature of its businesses or the ownership or leasing of its properties requires such qualification, other than where the failure to be so qualified would not in the aggregate have a Debtor Material Adverse Effect. Subject to supervision by the Bankruptcy Court in accordance with Title 11 of the United States Code (the "Bankruptcy Code"), each of the Debtors has all requisite corporate power and authority to carry on the businesses in which it is engaged and to own and use the properties owned and used by it. Each of the Debtors has furnished to the Buyer true and complete copies of its charter and by-laws, each as amended and as in effect on the date hereof. Each of the Debtors has at all times complied with, and is not in default under or in violation of, any provision of its charter or by-laws, other than where the failure to so comply and such defaults and violations would not in the aggregate have a Debtor Material Adverse Effect.

(b) Subject to the entry of the Initial Merger Order (as defined in Section 4.4(a)), with respect to the Company Breakup Fee, the Buyer Breakup Fee and the Buyer Reimbursement (each as defined in Article 4), and subject to the entry of the Confirmation Order, with respect to the remaining terms and conditions of this Agreement, each of the Parent and the Company has all requisite power and authority to execute and deliver this Agreement. Subject to the entry of the Initial Merger Order, with respect to the Company Breakup Fee, the Buyer Breakup Fee and the Buyer Reimbursement, and subject to the entry of the Confirmation Order, with respect to the remaining terms and conditions of this Agreement, this Agreement has been (i) duly and validly

executed and delivered by the Parent and the Company and (ii) duly and validly authorized by all necessary corporate action on the part of the Parent and the Company. Subject to the entry of the Initial Merger Order, with respect to the Company Breakup Fee, the Buyer Breakup Fee and the Buyer Reimbursement, and subject to the entry of the Confirmation Order, with respect to the remaining terms and conditions of this Agreement, this Agreement constitutes a valid and binding obligation of the Parent and the Company enforceable against the Parent and the Company in accordance with its terms.

(c) Each of the Debtors has the requisite power and authority to execute and file with the Bankruptcy Court the Amended Plan. The Amended Plan has been (i) duly and validly executed by each Debtor and (ii) duly and validly authorized by all necessary corporate action on the part of each Debtor. Upon the entry of the Confirmation Order, the Amended Plan will constitute a valid and binding obligation of each Debtor enforceable against each Debtor in accordance with its terms.

2.2 Capitalization. On the Closing Date, after giving effect to the Amended Plan (but immediately prior to the Merger), the authorized capital stock of each Debtor will be as set forth in Section 2.2 of the Company Disclosure Schedule. On the Closing Date, after giving effect to the Amended Plan, there will be no outstanding Company Stock and no outstanding or authorized options, warrants, rights, calls, convertible instruments, agreements or commitments to which any of the Debtors is a party or which are binding upon any of the Debtors providing for the issuance, disposition or acquisition of any of its capital stock or stock appreciation, phantom stock or similar rights.

2.3 Noncontravention. Except for the applicable requirements of the Securities Act of 1933, as amended (the "Securities Act"), the Securities Exchange Act of 1934, as amended (the "Exchange Act"), any applicable state and foreign securities laws, the Hart-Scott-Rodino Antitrust Improvements Act of 1976, as amended (the "HSR Act"), the Communications Act of 1934, as amended (the "Communications Act"), and the regulations of the Federal Communications Commission (the "FCC"), state public utility, telecommunication or public service laws, and the Bankruptcy Code, the Confirmation Order and the Amended Plan, none of the execution and delivery of this Agreement by the Parent and the Company, the execution and filing with the Bankruptcy Court of the Amended Plan by the Debtors or the consummation of the transactions contemplated hereby or thereby will (a) conflict with or violate any provision of the charter or by-laws of any Debtor; (b) require on the part of any Debtor any filing with, or any permit, authorization, consent or approval of, any court, arbitrational tribunal, administrative agency or commission or other governmental or regulatory authority or agency (a "Governmental Entity"), other than where the failure to make or obtain such filings, permits, authorizations, consents or approvals would not in the aggregate have a Debtor Material Adverse Effect or materially adversely affect the ability of the Reorganized Debtors (which, for purposes of this Agreement, shall mean the "Reorganized Debtors" as defined in the Amended Plan, together with "License Co. L.L.C." as defined in the Amended Plan) to operate the business of the Debtors following the Effective Time; (c) conflict with, result in a breach of, constitute (with or without due notice or lapse of time or both) a default under, result in

the acceleration of, create in any party any right to accelerate, terminate, modify or cancel, or require any notice, consent or waiver under, any post-petition contract, lease, sublease, license, sublicense, franchise, permit, indenture, agreement or mortgage for borrowed money, instrument of indebtedness, Security Interest (as defined below in this Section 2.3) or other arrangement to which any Debtor is a party or by which any Debtor is bound or to which any of their respective assets is subject or any judgment, order, writ, injunction, decree, statute, rule or regulation applicable to any Debtor or any of their respective properties or assets, other than such conflicts, violations, breaches, defaults, accelerations, terminations, modifications, cancellations or notices, consents or waivers as would not in the aggregate have a Debtor Material Adverse Effect; or (d) result in the imposition of any Security Interest upon any assets of any Debtor. For purposes of this Agreement, "Security Interest" means any mortgage, pledge, security interest, encumbrance, charge or other lien (whether arising by contract or by operation of law), other than liens arising in the ordinary course of business consistent with past custom and practice, including with respect to frequency and amount (the "Ordinary Course of Business").

2.4 Business Entities.

(a) Section 2.4(a) of the Company Disclosure Schedule sets forth a true and complete list of each corporation, partnership, limited liability company or other form of business association (a "Business Entity") in which any Debtor, directly or indirectly, owns any equity interest or any security convertible into or exchangeable for an equity interest (each a "Debtor Business Entity") which is material to the Parent and the Company.

(b) The Debtor Business Entities listed in Section 2.4(b) of the Company Disclosure Schedule are the only Debtor Business Entities which have conducted any operations, trade or businesses of the Debtors since January 30, 1997, hold any Debtor Authorizations (as defined in Section 2.14(a)) or own any assets necessary for the conduct of the businesses of the Debtors as currently conducted.

(c) The Debtors own all the outstanding equity interests in each Debtor Business Entity.

(d) No Debtor is in default under or in violation of any provision of its organizational documents. To the knowledge of the Parent or the Company, all the issued and outstanding equity interests of each Debtor Business Entity are duly authorized, validly issued, fully paid, nonassessable and free of preemptive rights. On the Closing Date, after giving effect to the effectiveness of the Amended Plan, all equity interests of each Debtor Business Entity that are held of record or owned beneficially by the Parent, the Company or another Debtor immediately prior to the Effective Time will be held or owned by the respective Reorganized Debtors free and clear of any restrictions on transfer (other than restrictions under the Securities Act and state or foreign securities laws), claims, Security Interests, options, warrants, rights, contracts, calls, commitments, equities and demands.

(e) There are no voting trusts, proxies or other agreements or understandings with respect to the voting of any equity interests of any Debtor Business Entity to which any Debtor is a party or by which it is bound, or, to the Parent's or the Company's knowledge, any other such trusts, proxies, agreements or understandings.

2.5 Financial Statements; Accounts Receivable; Inventory.

(a) The Debtors have previously provided to the Buyer (i) the audited consolidated balance sheets and statements of operations and changes in stockholders' equity and cash flows of the Company as of December 31, 1996 and 1997 and for the years ended December 31, 1995, 1996 and 1997 (the "Audited Company Financial Statements") and (ii) the unaudited consolidated balance sheet (which indicates separately liabilities arising on or after January 30, 1997 (the "Filing Date")) (the "June 30 Unaudited Company Balance Sheet") and the unaudited consolidated statements of operations and changes in stockholders' equity and cash flows of the Company as of and for the six-month period ended June 30, 1998 (the "Company Balance Sheet Date"). Such financial statements (collectively, the "Company Financial Statements"), (i) comply as to form in all material respects with applicable accounting requirements and the published rules and regulations of the U. S. Securities and Exchange Commission (the "SEC") with respect thereto; (ii) have been prepared in accordance with United States generally accepted accounting principles ("GAAP") applied on a consistent basis throughout the periods covered thereby (except as may be indicated therein or in the notes thereto and, in the case of interim financial statements, as permitted by Form 10-Q under the Exchange Act); (iii) fairly present the consolidated financial condition, results of operations and cash flows of the Company as of the respective dates thereof and for the periods referred to therein; and (iv) are consistent with the books and records of the Company, subject, in the case of clauses (i), (ii) and (iii), (a) to the paragraph in the report of independent auditors on the Audited Company Financial Statements describing conditions that raise substantial doubt about the Company's ability to continue as a going concern, and (b) to the Company Financial Statements not including any adjustments to reflect the possible future effects on the recoverability and classification of assets or the amounts and classification of liabilities that may result from the outcome of these uncertainties.

(b) The accounts receivable of the Debtors reflected on the June 30 Unaudited Company Balance Sheet, and those arising since the date of the June 30 Unaudited Company Balance Sheet, are valid receivables subject to no set-offs or counterclaims, net of a reserve for bad debts, which reserve is reflected on the June 30 Unaudited Company Balance Sheet. The inventories of the Debtors reflected on the June 30 Unaudited Company Balance Sheet are of a quality and quantity useable and/or saleable in the Ordinary Course of Business, except as written down to net realizable value on the June 30 Unaudited Company Balance Sheet. All inventory shown on the June 30 Unaudited Company Balance Sheet has been priced at the lower of cost or net realizable value.

2.6 Absence of Certain Changes. Since the Company Balance Sheet Date, (a) there has not been any Debtor Material Adverse Effect, nor has there occurred any event or development that would have a Debtor Material Adverse Effect, and (b) no Debtor has taken any action that would be prohibited by subsection (a) of Section 4.5 below if taken from and after the date of this Agreement. Except as set forth in amendments thereto currently being prepared that decrease the Debtors' liabilities thereunder, the Statement of Affairs and Schedules of Assets and Liabilities and Executory Contracts of the Debtors filed with the Bankruptcy Court in the Chapter 11 Proceeding, as amended, includes a list which is true and complete in all material respects of all the material creditors, whether secured or unsecured, of the Debtors at the Filing Date.

2.7 Undisclosed Liabilities. None of the Debtors has any liability (whether known or unknown, whether absolute or contingent, whether liquidated or unliquidated, whether due or to become due and whether arising prior to or subsequent to the Filing Date), except for (a) liabilities that will be fully discharged in the Chapter 11 Proceeding at the Effective Time, paid from the Plan Cash and the Plan Shares in accordance with the terms of the Amended Plan or, with respect to obligations arising under the DIP Loan Agreement, otherwise paid in full in cash; (b) liabilities arising after the Filing Date separately shown or expressly reserved for separately on the June 30 Unaudited Company Balance Sheet; (c) liabilities that have arisen since the Company Balance Sheet Date in the Ordinary Course of Business of the Debtors and that are similar in nature and amount to the liabilities that arose during the comparable period of time in the immediately preceding fiscal period; and (d) liabilities incurred in the Ordinary Course of Business of the Debtors that are not required by GAAP to be reflected on the June 30 Unaudited Company Balance Sheet and that are not in the aggregate material. Section 2.7 of the Company Disclosure Statement sets forth all amounts due under the Dial Page Indenture at June 30, 1998.

2.8 Tax Matters.

(a) (i) Each of the Debtors has filed all Tax Returns (as defined below in this Section 2.8(a)) that it was required to file, and all such Tax Returns were true and complete in all material respects. (ii) No Debtor is or has ever been a member of a group of corporations with which it has filed (or been required to file) consolidated, combined or unitary Tax Returns, other than a group of which only the Debtors are or were members. (iii) The Debtors have paid all Taxes (as defined below in this Section 2.8(a)) of the Debtors that were due and payable prior to the date hereof. (iv) All Taxes that any Debtor is or was required by law to withhold or collect have been duly withheld or collected and, to the extent required, have been paid to the proper Governmental Entity. For purposes of this Agreement, "Taxes" means all taxes, charges, fees, levies or other similar assessments or liabilities, including, without limitation, income, gross receipts, ad valorem, premium, value-added, excise, real property, personal property, sales, use, transfer, withholding, employment, payroll and franchise taxes imposed by the United States of America or any state, local or foreign government, or any agency thereof, or other political subdivision of the United States or any such government, and any interest, fines, penalties, assessments or additions to tax resulting from, attributable to or incurred in connection with any tax or any contest or dispute thereof. For purposes

of this Agreement, "Tax Returns" means all reports, returns, declarations, statements or other information required to be supplied to a taxing authority in connection with Taxes.

(b) (i) The Debtors have delivered or otherwise made available to the Buyer true and complete copies of all federal income Tax Returns for the "affiliated group" (as defined in Section 1504(a) of the Code) of which the Parent is the common parent and the Debtors are members (the "Company Group"), together with all related examination reports and statements of deficiency, for all periods commencing on or after December 1, 1993 and, to the extent in the possession of the Debtors, true and complete copies of the portion of the federal income Tax Returns of any member of a Debtor Affiliated Group (as defined below), together with all related examination reports and statements of deficiency, relating to the activities of any Debtor for all Debtor Affiliated Periods (as defined below). For purposes of this Section 2.8, "Debtor Affiliated Group" means each group of corporations with which any Debtor has filed (or was required to file) consolidated, combined, unitary or similar Tax Returns and "Debtor Affiliated Period" means a period in which a Debtor was a member of a Debtor Affiliated Group. (ii) The federal income Tax Returns of the Company Group have been audited by the Internal Revenue Service or are closed by the applicable statute of limitations for all taxable years through the taxable year specified in Section 2.8(b) of the Company Disclosure Schedule. (iii) The Debtors have made available to the Buyer true and complete copies of all other Tax Returns of the Debtors in the possession of the Debtors, together with all related examination reports and statements of deficiency, and, to the extent in the possession of the Debtors, true and complete copies of the portion of all other Tax Returns of any member of a Debtor Affiliated Group, together with all related examination reports and statements of deficiency, relating to the activities of any Debtor for all Debtor Affiliated Periods. (iv) No examination or audit of any Tax Return of any Debtor by any Governmental Entity is currently in progress, threatened or contemplated. (v) No Debtor has been informed by any jurisdiction that the jurisdiction believes that the Debtor was required to file any Tax Return that has not since been timely filed or, if not timely filed, with respect to which an assessed amount has not since been paid. (vi) No Debtor has waived any statute of limitations with respect to Taxes or agreed to an extension of time with respect to a Tax assessment or deficiency which waiver or extension of time is still in effect.

(c) No Debtor (i) is a "consenting corporation" within the meaning of Section 341(f) of the Code and none of the assets of the Debtors is subject to an election under Section 341(f) of the Code; (ii) has made any payments, is obligated to make any payments, or is a party to any agreement that could obligate it to make any payments that may be treated as an "excess parachute payment" under Section 280G of the Code; (iii) has any actual or potential liability for any Taxes of any person (other than the Debtors) under Treasury Regulation Section 1.1502-6 (or any similar provision of federal, state, local, or foreign law), or as a transferee or successor, by contract, or otherwise; or (iv) is or has been required to make a basis reduction pursuant to Treasury Regulation Section 1.1502-20(b) or Treasury Regulation Section 1.337(d)-2(b) other than a reduction required by reason of the transactions contemplated by this Agreement, if any.

(d) None of the assets of any Debtor: (i) is property that is required to be treated as being owned by any other person pursuant to the provisions of former Section 168(f)(8) of the